



Auditor of Public Accounts
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Edelen Releases Audit of McLean County Fiscal Court

FRANKFORT, Ky. – State Auditor Adam Edelen has released the audit of the financial statements of the McLean County Fiscal Court for the fiscal year ended June 30, 2012. State law requires annual audits of county fiscal courts.

The audit found that the county's financial statements, in all material respects, fairly present the county's assets, liabilities, and net assets arising from cash transactions and revenues received and expenditures paid in conformity with the modified cash basis of accounting.

As part of the audit process, the auditor must comment on non-compliance with laws, regulations, contracts and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comments:

The Fiscal Court is required to pay for purchases within thirty working days. During our test of expenditures, we documented that there were invoices that were not paid within thirty (30) working days. KRS 65.140 states, "...all bills for goods or services shall be paid within thirty (30) working days of receipt of the vendor's invoice except when payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or by the vendor's subcontractor." We recommend the Fiscal Court comply with KRS 65.140 by paying all invoices for goods or services in full within thirty (30) working days of receipt of a vendor's invoice. We also recommend that the invoices are submitted to the finance officer on a timely basis so that invoices can be paid timely.

County Judge Executive, Kelly Thurman's response: Fiscal Court shall require all invoices to be submitted to Finance Officer within 5-7 days of receipts and each department shall be notified of such.

The Fiscal Court should expend 100% of Coal Impact Funds in the transportation category. While reviewing restricted (LGEA) funds expenditures, auditor noted that McLean County did not expend 100% of Coal Impact funds in the transportation category. McLean County did not expend any of the Coal Impact funds received on any of the transportation category. KRS 42.455 (2)(3)(4) specifically prohibits the expenditures of LGEA funds for the administration of government. Coal impact counties must expend one hundred percent (100%) of funds in the transportation category. We recommend that the Fiscal Court adhere to the provisions of KRS 42.455 (2)(3)(4).

County Judge Executive, Kelly Thurman's response: The FY2014 budget is being prepared at this time and 100% of coal impact funds will be reflected in our LGEA Fund as separate line items and shall comply with KRS 42.455.

Fiscal Court should request budget amendments in accordance with KRS 67.078 and 68.280. While reviewing budget amendments, auditor noted that several budget amendments were submitted as emergency amendments. Any amendments to a County budget submitted to the State Local Finance Officer for approval on an emergency basis must strictly adhere to the provisions of KRS 67.078 and a photocopy of the fiscal court order naming and describing the emergency must accompany the budget amendment submitted for approval pursuant to KRS 68.280. We recommend that the Fiscal Court adhere to the provisions of KRS 67.078 and KRS 68.280.

County Judge Executive, Kelly Thurman's Response: Fiscal Court will adhere to this recommendation, and refer to the KRS 67.078 if an emergency amendment is needed.

The Fiscal Court should return restricted funds transferred from the Road Fund to the General Fund. During testing of cash transfers, we noted that the Road Fund had transferred \$375,000 to the General Fund. Transfers totaling \$175,000 were based on the Road Allocation Worksheet. Transfers totaling \$200,000 were a loan to the General Fund. The Fiscal Court returned \$100,000 of the loaned funds. However as of June 30, 2012, the General Fund owed the Road Fund \$100,000. Road funds are restricted and any funds loaned must be returned. We recommend the Fiscal Court reimburse the Road Fund \$100,000 from the General Fund

County Judge Executive, Kelly Thurman's response: We realize the Road Fund is a restrictive fund, the failure to transfer \$100,000 back to the Road Fund was an oversight.

The audit report can be found on the [auditor's website](#).

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The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

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